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SERVICE DATE – FEBRUARY 24, 2006

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34834]

State of Texas, acting by and through the Texas Department of Transportation–  
Acquisition Exemption–Union Pacific Railroad Company

The State of Texas, acting by and through the Texas Department of Transportation (TXDOT), a noncarrier, has filed a verified notice of exemption under 49 CFR 1150.31 to acquire the rights, title, and interest in certain personal and real property of a line of railroad from Union Pacific Railroad Company (UP). The line consists of a portion of the Bonham Subdivision extending between milepost 94.0 near Paris, and milepost 127.5 near Bonham, in Lamar and Fannin Counties, TX, a distance of approximately 33.5 miles.

The Board previously authorized the Fannin Rural Rail Transportation District (FRRTD), a political subdivision of the State of Texas, to acquire from UP and operate the above-described rail line through the offer of financial assistance process.<sup>1</sup> After having reached an agreement with UP for the sale of the line but before consummating the transaction, FRRTD sold its interests in the rail line to TXDOT. In consideration of FRRTD's agreement to sell its interests, TXDOT agreed to provide the funds to acquire

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<sup>1</sup> See Union Pacific Railroad Company–Abandonment Exemption–In Lamar and Fannin Counties, TX, STB Docket No. AB-33 (Sub-No. 163X) (STB served Aug. 19, 2003).

the rail line from UP and to lease back the properties so that FRRTD, or its operator could perform freight rail service over the rail line.<sup>2</sup> The sale of the line by UP to TXDOT was consummated and closed on September 21, 2005.

TXDOT states that it will retain the residual common carrier obligation as part of its lease and operating agreement with FRRTD to ensure the viability of the corridor should FRRTD fail in its efforts to restore the line. TXDOT has filed this notice of exemption to cure its inadvertent failure to obtain prior Board approval of the sale to TXDOT rather than FRRTD.

The exemption authorized by this notice became effective on February 9, 2006 (7 days after the notice was filed).

TXDOT certifies that its projected revenues as a result of this transaction will not exceed those of a Class III rail carrier.

If the notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34834, must be filed with the Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, one copy of each pleading must be served on Richard H. Streeter, Barnes & Thornburg LLP, 750 17th Street, N.W., Suite 900, Washington, DC 20006.

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<sup>2</sup> TXDOT states that an appropriate notice will be filed in the event an operator is hired by FRRTD.

Board decisions and notices are available on our website at  
“WWW.STB.DOT.GOV.”

Decided: February 15, 2006.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary